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April 25, 1995

VIA HAND DELIVERY

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

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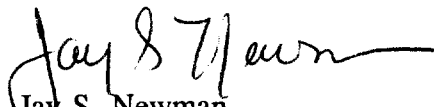
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: Cable Home Wiring, MM Docket No. 92-260 and RM 8380

Dear Mr. Caton:

In accordance with Section 1.200 *et seq.* of the Commission's rules, this is to advise that on Tuesday, April 25, 1995, I sent the attached letter from Peter Price, President of Liberty Cable Company, Inc., to John Nakahata, Special Assistant to Chairman Hundt, with a copy to Blair Levin, Chief of Staff. An original and four copies of this letter are enclosed herein for inclusion in the above-referenced docket.

Sincerely,


Jay S. Newman
Counsel for Liberty Cable
Company, Inc.

Enclosures
JSN/dln



575 Madison Avenue, New York, New York 10022
(212) 891-7771 Fax (212) 891-7790

PETER O. PRICE
President

April 24, 1995

Mr. John Nakahata
Special Assistant
Office of the Chairman
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, D.C. 20554

Dear Mr. Nakahata:

It was a pleasure to see you again. You asked several questions during our meeting and we would like to elaborate on one or two of our answers for the record.

After our conversation, we were left with the distinct impression that you think that Liberty's formulation of a universal video demarcation point - where the individual subscriber line meets the common lines of the incumbent cable provider - does, in fact, promote immediate competition in the cable television market. We were very gratified that you feel as we do on that score. However, you also appear to be concerned that Liberty's proposal may not in five or ten years permit simultaneous interconnection to multiple broadband service providers. I believe Liberty's policy formulation does in fact accommodate this longer term objective.

1. **CHOICE OF SERVICE.**

There is a body of current experience that indicates how consumers behave regarding simultaneous subscriptions to multiple providers of telecommunications services. One example of such experience is Liberty itself. While Liberty and Time Warner in Manhattan offer virtually the same number of channels, there are twenty programs which distinguish the two services. Yet, only one subscriber (of our roughly 30,000) has elected to receive both Liberty and Time Warner services through two separate wires. That experience mirrors the behavior of consumers of long distance services where very few customers subscribe for long distance services from different interexchange carriers at the same time in the same home. The same is true of on-line services. Very few subscribe to both Prodigy and America Online at the same time in the same home. It therefore appears that if one were designing a public policy in this area, that design should be based on the near-universal experience of consumer behavior rather than on the behavior of a single digit percentage of higher income households which may elect multiple, simultaneous services for professional or business reasons.

Mr. John Nakahata
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2. ACCESS TO PREMISES.

It has been Liberty's experience in New York that individuals or buildings which demand perfectly parallel video delivery systems available to each household simply reconfigure their physical plant. One building, for example, renovated its hallways to accommodate a trough-type molding which will accommodate Liberty and Time Warner coaxial cable passing apartment. This case is instructive because Liberty's proposed universal video demarcation point, if unfettered by interference from property owners or local regulators, will allow the consumer to demand the services of their choice. If any costs are associated with the physical delivery of parallel systems, this subscriber, or more likely the elected supplier, will, out of self-interest, arrange to cover any installation costs. If the policy of the Commission simply maximizes consumer choice and unfettered access to multiple services, it need not micromanage precisely how the customer obtains the service because the market will drive that transaction.

I wanted to restate these important points because the birth of competition in a virtual monopolized industry is being stillborn by the objections of the incumbents whose strategy is to delay until their full service networks are in place. If the Commission succumbs, the incumbent monopolists will reinforce their stranglehold and discourage the advent of the multiple services you envision. Liberty believes that any enlightened public policy can only be designed based on the prevailing experience with consumer behavior and the expectation that such behavior will continue. If behavior changes, policies can be amended. Liberty urges the Commission to establish a policy that promotes competition and to amend it only if necessary to continue the promotion of effective competition.

If we may answer any questions, please do not hesitate to contact me directly or our FCC Counsel, Henry Rivera.

Sincerely,

LIBERTY CABLE COMPANY, INC.

BY: 

Peter O. Price, President

cc: Blair Levin